

**Minutes of a meeting of the Board of the CFA Society of the UK (CFA UK) held at
3rd Floor, Boston House, 63-64 New Broad Street, London EC2M 1JJ
and by Teams at 5.00 pm on Tuesday 9th July 2024**

Present:	H Eastman*	chair (recused herself for item 1587 only)
	A Byrne*	(to item 1588 only)
	G Elcock*	
	S Hsu*	(to item 1593 only)
	W Hung*	
	K Kosmopoulou*	(chair for item 1587 only)
	E Koycheva	
Attending:	P Lenoble*	
	S Solomon*	
	C Curtin (director of education)	(for all items excluding 1583)
	V French (chief financial officer)	(items 1580 to 1582 and 1584 to 1589 only)
	W Goodhart (chief executive)	(for all items excluding 1583)
	L Gracie (Indigo Independent Governance)	
	A Ramsay (chief operating officer)	(for all items excluding 1583)
	P Shivaprasad (director of outreach)	(for all items excluding 1583)
	B Young (company secretary)	

* denotes remote attendance

1580 Apologies for absence

Apologies for absence were noted from Kieran Ferguson.

1581 Declarations of interest

The chair invited board members to declare any conflicts of interest related to the items on the agenda for the meeting. There were no conflicts declared save for the chair's own interest in item 1587.

1582 Matters arising

The matters arising report was reviewed and noted.

A brief recap of the two options available in relation to the PRI registration, as either a service provider or network supporter, was verbally provided. It was confirmed that the sustainability committee would be making a recommendation for consideration at the October board meeting.

It was noted that details of the CFA Institute board member connections had not been circulated and that these would be updated to reflect the new appointments to the Institute's board and circulated by email.

1583 Board's own time

In the absence of management, board members discussed the priorities they would like to address at the meeting and some of the key points in relation to the proposals to be discussed. These largely focussed on management succession matters.

1584 Business plan and forecast

The business plan and forecast, together with the overview of the strategic objectives, were reviewed and noted.

In line with the strategic objectives, the focus for developing the business plan had been to concentrate on 'we grow talent' with a view to doing fewer activities but delivering higher quality. An emphasis had been placed on helping investment professionals to develop their careers through building on their skills and knowledge. It was requested that more detailed information on what it would mean to the members to have fewer, but better quality, activities.

No growth in membership revenues had been assumed for FY25 partly due to the likely cessation of the issuance of Statements of Professional Standing (SPS), currently to around 200 members. Revenue growth in future forecasts was connected to the proposed changes in the Certificate in Climate and Investing. The introduction of a new unit 3 for the IMC (which was not included in the forecasts) would

take time to take effect and would depend on further market research to ascertain the extent of demand; research and potential restructuring of the IMC and the Certificate in Climate and Investing would be carried out in the autumn 2024 which could be adjusted for in the FY25 reforecast.

The format of the research process for the Certificate in Climate and Investing was explained. It was confirmed that the certificate would be reviewed and redefined as a foundational qualification. Outreach activity would also be deployed. It was requested that regional certificate performance figures be analysed to identify any emerging trends and the extent of the opportunity in the UK.

Revenue assumptions had allowed for a lower ESG revenue share than the prior year based on projections and information provided by CFA Institute. However, IMC revenues were expected to increase in FY25. Scoping work on the development of the new Certificate in Climate and Investing was continuing and volume assumptions regarding the current certificate had been based on the performance to date.

The projections for the current year were explained and discussed in more depth. Also the allocation of staff costs and overheads to an estimated net profit per product chart were discussed. It was noted that assumptions in the future years' forecasts had included ongoing IT costs and maintaining high staffing levels. It was confirmed that the forecast assumptions should not pre-empt board decisions which had not yet been taken.

It was requested that the forecast be developed to include three possible scenarios, base case, upside and downside, with an appropriate cost base to support each scenario. The potential impact on reserves should be included together with a projection for a break-even operating profit position, based on business as usual.

The ESG certificate revenue projections were discussed and it was suggested that one approach could be to treat the revenue as exceptional as it were not under the control of the society, and the reducing revenue share had a limited life, until 2035.

It was also requested that information be provided to show growth versus maintenance, or risk mitigation capex.

After continued discussion, board members were reminded that the finance committee had robustly reviewed the forecast and the supporting assumptions with the Chief financial officer and Treasurer prior to presentation to the board and the figures used were considered by the committee to be appropriate.

It was agreed that the forecast would be developed to include three scenarios and the supporting assumptions and calculations would be reviewed at a separate session to be arranged for late August or early September. The company secretary would canvass availability for an ad-hoc meeting.

1585 Certificate of climate and investing

The certificate of climate and investing paper was reviewed and noted.

A summary of the four options considered by the examinations and education committee and the recommendation of three options presented to the board were provided and discussed.

The inclusion of the other modules could make the product more competitive as these were not being covered elsewhere. It was also suggested that emphasising practical aspects could also act as a differentiator.

It was suggested that the panel should comprise independent industry experts to review the material and certificate to remove any bias. Furthermore, lowering the qualification level would improve accessibility for more candidates. The re-positioning to a foundational certificate would also be a positive move to support CFA Institute with their higher-level certificate, although it was considered prudent to communicate plans to the Institute ahead of time.

It was noted that the parameters to measure future success had not yet been defined but these were important to set so that the board could make decisions in the future backed by data.

Management was confident that there was a market for a climate investing certificate but that the product was possibly a little ahead of the market and would benefit in time.

The potential cost of the re-structure of the certificate was queried. It was confirmed that the market research work would be carried out in-house and would not involve additional cost. Once the product redevelopment assessment had been conducted, fully costed recommendations would be made to the board for consideration.

It was confirmed that the chief executive would advise the Institute that work to research potential re-structuring of the certificate would commence to keep them updated with the process. It was expected that the Institute would welcome these plans.

1585 Management succession planning

It was verbally confirmed that the chief executive would tender his resignation from the role at the end of July 2024 on six months' notice.

The board expressed its thanks to the CEO for his contribution to the society over the last two decades.

1586 Proposal to withdraw from FCA accredited body status and issuance of statements of professional standing

The paper outlining the proposal to withdraw from FCA accredited body status and issuance of statements of professional standing was taken as read and noted.

It was noted that members requiring statements of professional standing would largely be migrated to CISI but it was possible that they would not be wholly be lost to the society.

After due and careful consideration, the proposal to withdraw from FCA accredited body status and issuance of statements of professional standing was approved.

1587 Nominating committee update

The chair left the meeting and Katerina Kosmopoulou took the chair.

The nominating committee update paper outlining the recommendation to approve the extension of the chair's tenure by one year was taken as read and noted.

It was agreed that continuity with the chair's role would be particularly beneficial whilst management succession plans were being implemented.

It was noted that by extending the chair's tenure by one year, it would mean that all three officers would be stepping down from the board at the AGM in November 2025. It was confirmed that the nominating committee would start making plans for officer role succession and shadowing from early 2025.

It was confirmed that, as set out in the articles of association, the maximum number of board members was now ten, which meant that, if there were no unexpected resignations, one board member would be replaced at the AGM in November 2024 and three board members would be replaced in November 2025.

After due and careful consideration, the recommendation to extend the chair's tenure for an additional year was approved.

Hilary Eastman returned to the meeting and resumed the chair.

1588 Risk register and risk narrative for annual report and account FY24

The draft risk register narrative for the annual report and account FY24 was reviewed and noted. It had previously been agreed to include narrative for the principal risks of the society in the annual report and accounts.

The risk register was in the process of being updated and the final version would be presented at the October board meeting. The categorisation of ESG revenues and the inclusion of them in the risk register was debated as it was suggested that revenues should be considered extraordinary revenue as

they were not under the control of the society. However, it was argued that, as the revenue was financially material to the society, the risk should be included in the annual report and accounts narrative, albeit the wording should be reviewed.

It was requested that a word version of the risk narrative be circulated to the board by email so that suggestions and edits could be made.

1589 Certificate pricing proposals

The certificate pricing proposals recommended by the examinations and education committee were taken as read and noted.

After due and careful consideration, the certificate pricing proposals were approved.

1590 Professionalism and ethics steering committee terms of reference

The draft terms of reference for the professionalism and ethics steering committee were taken as read and noted.

It was suggested that the standard terms of reference clauses be added to the terms of reference and brought back to the October board meeting for consideration.

1591 Directors' responsibilities and declarations of interest

The registers of directors' responsibilities and directors' interests were noted.

It was requested that any further changes to declarations be emailed to the company secretary.

1592 Minutes of previous meetings

The minutes of the board meeting held on 23rd April 2024 were reviewed and agreed to be an accurate record of the meeting for signature, subject to the replacement of the wording "move away from developing products" in 1573 to "move towards a member focus".

1593 CFA Institute update

The paper providing an update on the CFA Institute relationship was taken as read and noted.

The proposed introduction of an additional non-voting membership category for CFA Institute was discussed. It was confirmed that this category would be accessible to all people on the CFA Institute database, although such members would be expected to sign up to the code, standards and the ethical statement. The membership would allow access to the majority of the CFA Institute content and to discounted certificates for a small annual fee.

The Institute was currently researching potential demand.

A final decision on the membership category was expected in late 2024 or early 2025, with a view to introduction within the following year.

Outcome of dinner with CFA Institute

It was verbally updated that the chair and Sylvia Solomon had met with Marg Franklin and other members of the Institute's leadership for dinner in April. Existing outreach collaboration with the Institute was outlined; it was considered to be extremely positive for both parties.

It was confirmed that focus had been on the importance of the relationship and working constructively together, notwithstanding that there were different perspectives.

1594 Management reports

i. Chief executive report

The chief executive's report was taken as read and noted.

ii. Finance report, management accounts and KPIs

The finance report, management accounts and KPIs for the period to 31st May 2024 were taken as read and noted.

iii. Operational report and membership update

The operational report and membership update was taken as read and noted.

1595 Any other business

There was no other business.

1596 Date of next meeting

It was noted that the next meeting would be held on Tuesday 8th October 2024 at 5.00 pm.

There being no other business, the meeting was closed at 8.15 pm.

3rd Floor, Boston House
63-64 New Broad Street
London EC2M 1JJ

Signed: _____

Dated: _____